

ITEM NO. 1

As required for compliance with 37 CFR 1.121(b)(1)(ii), a clean version of the replacement paragraphs is provided below.

*In the Specification*

Please enter the following amendments:

On page 1, after the title and before "TECHNICAL FIELD", please insert the following:

This application claims benefit of the filing date of United States Provisional Patent

Application 60/244,408 filed on October 30, 2000.

Please substitute the following paragraph for the paragraph beginning on page 1, line 6 and ending on page 1, line 8:

This invention relates to the field of insurance contracting and, more particularly to the field of providing a solution that effectively allows the provision of reduced insurance premiums and reduced risk of loss.

Please remove the paragraph beginning on page 4, line 1 and ending on page 4, line 11 and replace it with the following paragraph:

The present invention formulates a program for the insured entity that contains various program requirements. Procedures designed for the insured entity to meet the program requirements are implemented and monitored to identify the proximity of the insured entity meeting the program requirements. Once the present invention calculates the proximity of the insured entity meeting these program requirements, the proximity is communicated to an

B3  
interested third party, such as the insurer. Thus, the present invention by monitoring the insured entity, and communicating information relating to the insured entity to the insuring entity, allows the insuring entity to reduce the insurance costs to the insured entity if such monitoring results in favorable information for the insurer. One embodiment of the present invention is a method for providing improved performance of a target entity. This embodiment of the present invention operates to formulate a program containing program requirements; implement procedures designed for the target entity to meet the program requirements; monitor the results of the procedures to identify the proximity of the target entity meeting the program requirements; and communicate the proximity to an interested third party. Formulating the program can involve a single insurer or several insurance providers cooperating to underwrite the insurance program. As the results of the procedures are monitored, this embodiment may also provide for a feedback mechanism of these results. This feedback mechanism enables the effectiveness of the procedures to be evaluated and then modified if necessary. The proximity of the target entity, or the measurement of how closely the target entity is meeting the requirements, may be communicated to third parties by attributing a score to the monitored results; and providing the score to the interested third party. The score may be a numerical value indicating conformance of the target entity to the program requirements, or it may be some other weighted mechanism.

The present invention also operates to reduce insurance premiums for an insurance program or product. This is accomplished by first formulating an insurance program containing predetermined program requirements. Next, procedures designed for the insured entity to meet the program requirements are implemented. The results or effectiveness of the procedures are monitored to identify the proximity of the insured entity meeting the program requirements. The

proximity of the insured entity meeting the program requirements is identified and a score is attributed to the monitored results. Finally, this score is provided to the insuring entity. The insuring entity can then implement/modify procedures to improve the score. As the score improves, the insurance premiums can be reduced to reflect the decrease in the risk of payout.

B3 One embodiment of the present invention includes a system for providing improved performances for a target entity. The system includes an independent program catalyst and a web-enabled software solution. The independent program catalyst identifies program requirements, implements procedures directed towards assisting the target entity in meeting the program requirements, monitors the results of the target entity to identify the proximity to meeting the program requirements, and attributes a score to the monitored results. The web-enabled software solution provides the monitoring results and the scores to the target entity, the independent program catalyst and an interested third party.

Please substitute the following paragraph for the paragraph beginning on page 4, line 13 and ending on page 4, line 14:

B4 Fig. 1 is a functional block diagram illustrating an exemplary embodiment of an implementation of the present invention.

Please substitute the following paragraph for the paragraph beginning on page 4, line 15 and ending on page 4, line 16:

B5 Fig 2. is a functional block diagram illustrating an exemplary embodiment of the present invention.

Please substitute the following paragraph for the paragraph beginning on page 4, line 17 and ending on page 4, line 19:

b6 Fig. 3 is a flow diagram illustrating the steps and procedures that are involved in the exemplary implementation of the present invention illustrated in Fig. 1.

Please substitute the following paragraph for the paragraph beginning on page 4, line 23 and ending on page 5, line 14:

b7 Referring now to the figures in which like numerals refer to like elements throughout the several views, various embodiments and aspects of the present invention are described. The present invention provides a system and method for reduced-cost and cost-effective insurance programs, and has been described in relation to particular embodiments which are intended in all respects to be illustrative rather than restrictive. Those skilled in the art will understand that the principles of the present invention may be applied to, and embodied in, various program modules for execution on differing types of computers and/or equipment, operating in differing types of networks, regardless of the application. Although the present invention has been described as being integrated within an insuring entity, it should be understood that the business model of the present invention can actually exist independent of an insuring entity. In addition, the present invention has been described as being interactive with a user; however, those skilled in the art will appreciate that the user interface may also be substituted with a computer or machine interface.

Please substitute the following paragraph for the paragraph beginning on page 5, line 15 and ending on page 5, line 24:

68 Fig. 1 is a functional block diagram illustrating an exemplary structure of an implementation of the present invention. This implementation includes three entity classes: strategic partners 100, program catalysts 140, and program clients 130. The strategic partners include one or more entities that cooperatively, or independently, provide contractual programs 115 to program clients 140. Examples of such programs include, but are not limited to, life, health, product liability or other insurance programs, warranty programs, malpractice liability and maintenance programs. As illustrated in Fig. 1, the strategic partners 100 include multiple strategic partners 110, a priority strategic partner 105 and distribution 120.

Please substitute the following paragraph for the paragraph beginning on page 6, line 12 and ending on page 6, line 22:

69 The present invention allows the strategic partners 100, operating independently or in conjunction with a program catalyst 140, to create programs to be offered to the program clients 130. Once a program 115 is in place, the program catalyst 140 works with the program client 130 to ensure that certain obligations, requirements, performance standards, or the like are being met. The program catalyst 140 then utilizes a web-enabled, proprietary software reporting system to provide instantaneous feedback to the strategic partners 100 and/or the program clients 130 regarding the performance of the program 115. However, it should be understood that the program catalyst is not required to utilize the reporting system but rather, this activity simply comprises one inventive aspect.

Please substitute the following paragraph for the paragraph beginning on page 6, line 23 and ending on page 7, line 5:

5<sup>10</sup> Fig. 2 is a functional block diagram illustrating an exemplary embodiment of the present invention. In this embodiment, the operation of the present invention is illustrated in the provision of an insurance program offered to a long-term health care provider is illustrated. The strategic partners in this embodiment include entities that provide or are affiliated with the insurance industry "insuring entities" 200. The program clients in this embodiment include insured entities 230.

Please substitute the following paragraph for the paragraph beginning on page 7, line 14 and ending on page 7, line 25:

5<sup>11</sup> Insuring entities 200 typically provide multiple insurance programs from which a potential insured entity 230 can select. Under this implementation of the present invention, at least one of these insurance programs is offered at a reduced premium, and in exchange for the reduced premium, the services of the program catalyst 240 are employed. The program catalyst 240 works closely with the insured entity 230 and provides a program management and risk management function. The program catalyst 230 also works closely with the insuring entities 200 to provide program feedback intended to assist the insuring entities 200 in the administration of the insurance program. Thus, the program catalyst may include the provision of clinically driven programs 242 in one embodiment and web-enabled reporting 241 in another embodiment, or yet in even another embodiment, both.

Please substitute the following paragraph for the paragraph beginning on page 11, line 6 and ending on page 11, line 19:

B12 Although the present invention has been described as being integrated within an insuring entity, it should be understood that the present invention can actually exist independent of an insuring entity. As an independent implementation, the present invention provides an entity that provides special and skilled services to a particular entity. The provision of these special and skilled services from an independent party are focused on the attainment of certain goals and objectives for the particular entity that are either established by the particular entity or some other third party. The entity providing the special and skilled services also employs the use of a web-enabled software solution that provides feedback pertaining to progress made toward reaching the goals and objectives. This feedback is provided through the web-enabled software as a score system. The score system identifies the particular issues pertaining to the attainment of the goals and then provides a score to indicate the progress made in attaining the goal.

Please substitute the following paragraph for the paragraph beginning on page 12, line 9 and ending on page 12, line 19:

B13 Under this application, the program catalyst 140 provides skilled clinical delivery of holistic risk management programs, coupled with the use of a proprietary, web-enabled software solution to provide scores/measurements of the performance under the programs. Advantageously, this application of the present invention assists in providing a higher level of care to patients. In addition, this application of the present invention provides cost and performance benefits to health care facilities and insurance companies/carriers. Thus, the present invention can be utilized to provide holistic clinically-driven risk management programs that facilitates bringing two major industries together creating great opportunities, and equally important, to raise the standard of care within the health care industry.

Please substitute the following paragraph for the paragraph beginning on page 12, line 20  
and ending on page 13, line 2:

*AC* Under this application of the present invention, it is readily observed that the program catalyst or the risk management provider 340 can easily modify its program to best suit the needs of the partners that rely on its operation. For instance, the risk management/assessment program may be customized to meet the specific requirements of various insurance policies, or to adjust the program to best suit the environment within which the health care provider is located. For example, the program may be adjusted to accommodate large amounts of inclement weather, multiple floors with steps, or particular characteristics of the patients and staff.

---